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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
GENERAL STATISTICS BRANCH

BUSINESS CONDITIONS IN CANADA

during the first nine months of 1940

compared with the

same period of 1939

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OTTAWA

1940

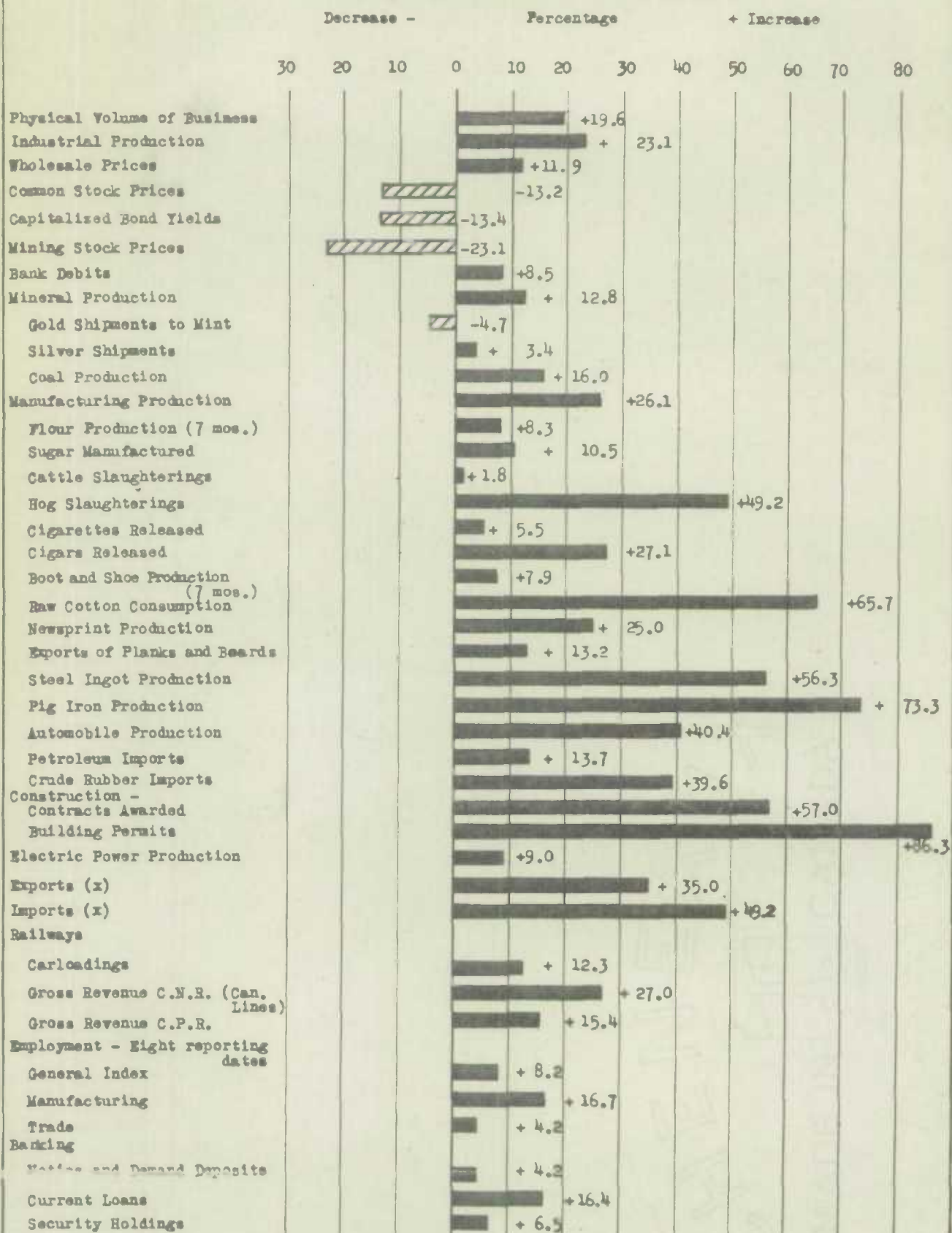
Price \$1 a year

The Economic Situation in Canada

in the First Nine Months

of 1940

as compared with the same period of 1939.



(x) Excluding Gold

- Dominion Bureau of Statistics -

<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>
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<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>
<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>	<p>100</p>

GENERAL STATISTICS BRANCH

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BUSINESS CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1940COMPARED WITH THE SAME PERIOD OF LAST YEAR

Marked expansion in business operations occurred during the first nine months of 1940, as compared with the same period of the preceding year. The index of the physical volume of business averaged 142 against 119, an increase of 19.6 p.c. The gain of nearly one-fifth in productive operations was mainly due to war expenditure. Contracts placed for the building of plants and for war supplies led to expansion directly in industries connected with the war, while indirectly, an accelerating influence resulted in a considerable expansion in industries supplying consumption goods.

Commodity prices averaged about 1.2 p.c. higher during the nine months of the present year than in the same period of 1939. An appreciable advance during the last four months of the preceding year resulted in a higher standing in the early part of 1940. The advance during the first four months of war, however, was not sufficient to counterbalance the decline from 1937. The net result was that the steady level of 1940 was somewhat below that of 1937. The official index averaged 82.6 during the period under review against 73.3 last year.

The impact of the war had an adverse influence on security prices. Dominion bonds reacted sharply in the first month of war but the decline was partially counteracted by the advance of subsequent months. The average of an index of capitalized bond yields showed a decline of 13.4 p.c. from the high level of the first part of 1939.

The fluctuation in common stocks traded on the Canadian exchanges followed a different pattern. A moderate advance occurred during the first two months of war and a slight recession followed during the next six months. The attack on France during May and June was reflected in a sharp decline in stock prices which has only been partially counterbalanced in recent months. The official index of common stock prices averaged 86.5 during the first nine months of 1940 against 99.6, a decline of 13.2 p.c.

The advances in productive operations were well distributed throughout the Canadian economy. The mining industry recorded a gain of about 13 p.c. in output. Advances were shown in base metals, while gold receipts recorded a recession of nearly 5 p.c. Receipts at the Mint were 3,663,991 fine ounces against 3,842,269 in the first nine months of 1939. Advances were shown in silver shipments and coal production.

The gain in the index of manufacturing production was 26 p.c., the rise having been from 112 to 141. The manufacture of flour and sugar recorded gains of 8 p.c. and 10.5 p.c., respectively. The steady demand for bacon resulted in considerable activity in the meat-packing industry. The inspected slaughterings of hogs were 3,464,000 head against 2,322,000, a gain of nearly 50 p.c. The release of cigars recorded a marked gain of 27 p.c., while the number of cigarettes made available for consumption was up 5.5 p.c. The production of leather boots and shoes was 15.2 million pairs against 14.1 million, the gain having been nearly 8 p.c. An exceptional increase was recorded in the consumption of raw cotton indicating conditions in the textile industries. The utilization of cotton amounted to 142.2 million pounds against 85.8 million, a gain of 65.7 p.c.

The forestry industry was more active as indicated by the greater output of newsprint production and the export trade in planks and boards. The output of newsprint was 2.6 million tons against 2.1 million, a gain of 25 p.c., The outward shipment of lumber in the form of planks and boards was 1,788 million feet, a gain of 13 p.c. over the same period of 1939.

The primary iron and steel industry was favoured by the marked acceleration in production for war purposes. The output of steel ingots was 1,465,000 long tons against 937,000, a gain of 56 p.c., while the production of pig iron at 845,000 tons recorded a gain of 73 p.c. Automobile production, including trucks for military use, rose from 110,000 units to 155,000. The imports of crude petroleum, indicating conditions in the oil industry, rose from 933 million gallons to 1,061 million, a gain of nearly 14 p.c. having been shown. Crude rubber imports were 68.1 million pounds against 48.8 million, the gain amounting to about 40 p.c.

Contracts awarded during the first nine months of 1940 were \$247.7 million against \$150.8 million, a gain of 57 p.c. The increase in building permits for 58 municipalities recorded a gain of 86 p.c. The new business included under these headings comprised a considerable amount of contracts for plants producing war materials. The gain in electric power production rose from 20.6 billion kilowatt hours against 22.5 billion, a gain of 9 p.c. A falling off was noted in energy supplied to electric boilers and conservation will be affected during the late fall and winter months by the retention of daylight saving time.

A reorientation of external trade was made necessary by war developments on the continent of Europe but a considerable gain was recorded in the total value of both exports and imports. Outward shipments, exclusive of gold, were valued at \$869 million against \$644 million, a gain of 35 p.c. The value of imports was \$768.7 million, an increase of 49 p.c. The excess of exports over imports amounted to \$100.6 million against \$128.7 million in the same period of 1939.

The railway traffic movement has recently shown the influence of grain congestion but the gain in the first nine months of 1940 over the same period of the preceding year was more than 12 p.c., the total number of cars loaded having been 2,056,000. Marked gains were consequently shown in the gross revenues of the two main railway systems. The gross revenue on the Canadian lines of the Canadian National Railway was \$152.9 million against \$120.4 million, while the revenue of the Canadian Pacific Railway rose from \$105.9 million to \$122.2 million.

The acceleration in productive operations resulted in a considerable increase in the working forces. The index of employment, based on the first ten reporting dates of the year, was 121 against 112 in the same period of 1939. The manufacturing index of employment was nearly 17 p.c. higher at 128.7. A marked increase of about 50 p.c. was shown in the working forces engaged on logging projects. Building construction recorded a gain of 20 p.c. while a marked reduction was shown in highway construction and maintenance. The index of employment in retail and wholesale trade was 141.2 against 135.5, a gain of 4.2 p.c.

Notice and demand deposits averaged \$2,496 million during the first nine months of 1940, a gain of 4.2 p.c. over the same period of the preceding year. A marked increase of 16.4 p.c. was shown in current loans to commercial and industrial concerns. The total was \$953 million against \$819 million, the average for the first nine months of 1939. The portfolio of security holdings rose from \$1,501 million to an average of \$1,598 million, a gain of 6.5 p.c. Bank debits or cheques cashed at the clearing centres totalled \$24.7 billion against \$22.7 billion, a gain of 8.5 p.c. This gain was recorded despite the reduction in stock and grain speculative trading.

The following information is given for the purpose of
providing a general outline of the subject matter
of the report. It is not intended to be a
complete statement of the facts and figures
which are given in the report.

The first part of the report is devoted to a
general statement of the facts and figures
which are given in the report. It is not
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Statistics Illustrating the Economic Situation of Canada in the First Nine Months of
1940, Compared with the Same Period of 1939.

Item	Unit or base period	First Nine Months of 1940	1939	Increase + Decrease -
<u>General Economic Situation</u>				Per Cent
Index of Physical Volume of Business	1926=100	142.1	118.8	+ 19.6
Index of Industrial Production	1926=100	149.2	121.2	+ 23.1
Wholesale Prices	1926=100	82.6	73.8	+ 11.9
Index of Common Stock Prices	1926=100	86.5	99.6	- 13.2
Capitalized Bond Yields, Dominion	1926=100	137.5	158.7	- 13.4
Mining Stock Prices	1926=100	116.6	151.7	- 23.1
Bank Debits	\$000	24,653,144	22,731,223	+ 8.5
<u>Production and General Business</u>				
Mineral Production	1926=100	242.3	215.4	+ 12.8
Gold Receipts	Fine Ozs.	3,662,991	3,342,269	- 4.7
Silver Shipments	Fine Ozs.	16,199,168	15,668,963	+ 3.4
Coal Production	Tons	12,039,355	10,378,114	+ 16.0
Manufacturing Production	1926=100	141.4	112.1	+ 26.1
Flour Production (8 mos.)	Bbls.	10,081,998	9,310,011	+ 8.3
Sugar Manufactured	Lbs.	620,345,592	561,198,546	+ 10.5
Cattle Slaughtering	No.	1,182,876	1,161,876	+ 1.8
Hog Slaughtering	No.	3,463,714	2,321,803	+ 49.2
Cigarettes released	No.	5,563,072,854	5,274,645,821	+ 5.5
Cigars released	No.	114,846,528	90,345,248	+ 27.1
Leather Boots and Shoes (8 mos.)	Prs.	15,239,075	14,120,979	+ 7.9
Raw Cotton Consumption	Lbs.	142,218,910	85,825,486	+ 65.7
Paper and Pulp -				
Newsprint Production	Tons	2,573,605	2,058,899	+ 25.0
Exports of Planks and Boards	M ft.	1,788,363	1,579,885	+ 13.2
Iron and Steel -				
Steel Ingot Production	Long Tons	1,464,548	937,309	+ 56.3
Pig Iron Production	Long Tons	845,456	487,982	+ 73.3
Automobile and Allied Industries -				
Automobile Production	No.	154,848	110,286	+ 40.4
Petroleum Imports	Gals.	1,060,535,000	932,911,000	+ 13.7
Crude Rubber Imports	Lbs.	68,083,514	48,753,726	+ 39.6
Construction -				
Contracts Awarded	\$	247,749,000	150,781,900	+ 57.0
Building Permits 1/	\$	81,324,052	43,660,744	+ 86.3
Electric Power Production	000 K.W.H.	22,483,592	20,619,428	+ 9.0
External Trade - (x)				
Exports	\$	869,311,971	674,040,089	+ 35.0
Imports	\$	768,719,704	515,331,719	+ 49.2
Excess of exports over imports	\$	100,592,267	128,708,370	
Railways -				
Carloadings	No.	2,055,866	1,830,493	+ 12.3
Gross Revenue C.N.R. (Can. Lines)	\$	152,886,000	120,412,000	+ 27.0
Gross Revenue C.P.R.	\$	122,175,000	105,887,545	+ 15.4
<u>Employment - 10 months' average unadjusted</u>				
General Index	1926=100	121.2	112.0	+ 8.2
Manufacturing		128.7	110.3	+ 16.7
Logging		144.0	95.9	+ 50.2
Mining		167.4	162.4	+ 3.1
Constructing		86.2	114.5	- 24.7
Building		73.8	58.6	+ 25.9
Highway		117.6	225.9	- 47.9
Trade		141.2	135.5	+ 4.2
<u>Banking - 10 months' average</u>				
Notice and Demand Deposits	\$	2,495,810,313	2,396,214,100	+ 4.2
Current Loans	\$	953,149,481	818,754,825	+ 16.4
Call Loans - Canada	\$	45,208,641	54,686,361	- 17.3
Security Holdings	\$	1,597,955,053	1,501,025,842	- 6.5

(x) Excluding gold.
1/ - 58 Municipalities.

41 items show increases
6 items show decreases

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